

# **Issue Briefs:**

## **Massachusetts**

### **Behavioral Health Analysis**

---

## Payment Reforms

---

Historically, health care services have been paid for on a fee-for-service basis. However, there is an increasing recognition that a fee-for-service system tends to reward the volume of care delivered, rather than value. With rising health care costs, policymakers and purchasers have looked to payment reform to better align payment incentives with the “Triple Aim” of improving population health, patient experience of care, and reducing per capita costs).<sup>1</sup>

Nationally, the Affordable Care Act (ACA) created a number of special initiatives focused on payment and delivery system reform. These programs have included the Medicare Shared Savings Program, the Pioneer ACO program, integrated care demonstrations for dual eligible individuals, bundled payments, and initiatives to strengthen primary care. Many states are also pursuing Accountable Care Organization models within their Medicaid programs.

Massachusetts’ cost containment law, Chapter 224 of the Acts of 2012, similarly supports the adoption of alternative payment methodologies. Chapter 224 includes requirements for public payers (including MassHealth and the Group Insurance Commission) to adopt alternative payments, and establishes certification programs for Patient Centered Medical Homes and Accountable Care Organizations. Massachusetts also received a State Innovation Model grant from the federal government to promote the adoption of alternative payment methodologies.

Within MassHealth, Primary Care Payment Reform has implemented an innovative payment model that promotes integration of primary care and behavioral health services, with a capitated payment for primary care and some behavioral health services. This initiative builds on the Patient Centered Medical Home Initiative which combined a payment model of infrastructure support and shared savings with a robust technical assistance program. MassHealth also partnered with CMS to develop and implement One Care, the first demonstration integrating care for dual eligible individuals to launch nationally. Through One Care, MassHealth and Medicare make global payments to health plans contracted to provide comprehensive care management and integrated medical, behavioral health, and long term services and supports benefits to adults with disabilities.

The shift to alternative payment methodologies engenders some considerations specific to behavioral health. For one thing, new models may or may not include behavioral health in their payment model, such as in the calculation of total cost of care. For example, while some state ACO models include behavioral health expenditures as part of the calculation of total cost of care (against which shared savings/shared risk is measured), not all states do. In addition, global or capitated payments to providers need to be adequately risk adjusted to account for the cost of providing care to high-cost populations, and the methodologies need to be robust when applied to high behavioral health need populations. Furthermore, because many of these alternative payment methodologies focus on the quality of care provided and the outcomes of populations, there need to be an adequate array of validated measures to assess the quality of behavioral health care that is provided and to ensure that

---

<sup>1</sup> Rosenthal, M., et al. (2007). Employers' use of value-based purchasing strategies. *JAMA*, 298 (19), 2281-2288.  
doi:10.1001/jama.298.19.2281

the incentives to contain costs are not resulting in inappropriate service reductions. The availability of data and the capacity to analyze data relating to population costs and management will be important, and this type of data and capacity may lag in the behavioral health space, for some of the reasons described in the Issue Brief on Health Information Technology.

As payments shift from purchasing volume to purchasing value, it will be important to carefully monitor the impact of such payment models on the behavioral health care system.